

ANNUAL
REPORT

1966

TRIBAG MINING
CO., LIMITED

ANNUAL MEETING

April 20, 1967

10:30 A.M. (Eastern Standard Time)

Eleventh Floor, Board of Trade Building

11 Adelaide Street West,

Toronto, Ontario

TRIBAG MINING CO., LIMITED

Directors

J. B. ANDERSON, B.Sc., P.Eng., Islington, Ontario
Vice-President Mining Operations, Teck Corporation Limited and other associated companies

C. H. FRANKLIN, Toronto, Ontario
President, Minaco Equipment Limited

E. R. HEALD, Toronto, Ontario
President, Sladen (Quebec) Limited

N. B. KEEVIL, M.Sc., Ph.D., Port Credit, Ontario
President, Teck Corporation Limited, Copperfields Mining Corporation Limited and other companies

J. H. WESTELL, Islington, Ontario
Vice-President Keevil Mining Group Limited and Treasurer Teck Corporation Limited and other associated companies.

Officers

N. B. KEEVIL, *President*
J. B. ANDERSON, *Vice-President, Mining Operations*
N. B. KEEVIL Jr., *Vice-President, Exploration*
J. A. GIBSON, *Secretary*
J. H. WESTELL, *Treasurer*

Mine Manager

G. A. VARY

Head Office

Suite 1000, 11 Adelaide Street West
Toronto, Ontario

Mine Office

Batchawana Bay
Ontario

Transfer Agent

CROWN TRUST COMPANY
Toronto, Ontario

Auditors

MCDONALD CURRIE & Co.
Toronto, Ontario

Solicitors

EDISON, AIRD & BERLIS
Toronto, Ontario

Shares Listed

THE TORONTO STOCK EXCHANGE



N. B. Keevil

PRESIDENT'S LETTER

To the Shareholders:

The annual report of the year ended December 31, 1966 reviews the progress made in bringing the Batchawana copper property into production and presents audited financial statements.

Under the terms outlined in the last annual report, Teck Corporation Limited had provided \$1,150,000 to December 31, 1966 to finance operations, and by March 23, 1967 had completed its obligations in full for a total of \$1,750,000. This included the purchase of 200,000 Tribag common shares at \$1.25 per share plus units totalling \$1,500,000 principal amount of 7% convertible income bonds, and 375,000 common shares.

Since September 1966 work at the property has been concentrated on preparation and erection of the 400 ton per day surface plant. Work has progressed essentially on schedule, although some delays have been experienced, primarily in the construction of the power lines which were originally to have been completed early in January but were not turned on until March 10. Due to improvements in plant design, road washouts caused by heavy fall rains, and increased housing needs to ensure a good work force, total pre-production costs will be higher than anticipated. To provide the extra funds to cover these expediencies, and to provide working capital until smelter returns are received, arrangements are being made to borrow the amount needed.

As underground development work has been confined to preparing the established ore reserves for production, there was no exploration work carried out, and ore reserves are unchanged from last year's report.

Production is expected to start by the first week in May. Concentrates produced will be shipped to the Noranda smelter for treatment under the terms of a contract signed in September 1965.

Since January of this year a modest programme of exploratory surface drilling has been carried out in the area northeast of the main mine workings. Although some interesting mineralization was encountered, nothing of major economic importance has been discovered to date. Once production operations are well established a more concentrated and accelerated programme will be conducted in this area and in the East Breccia and West Breccia Zones.

Your directors are pleased with the results that have been achieved in preparing the Tribag property for production, and along with all shareholders look forward to the establishment of an excellent rate of earnings.

We wish to extend our thanks and appreciation to the mine manager and his staff for their efforts in bringing the property into the production stage, and we are pleased to welcome the many former Pickle Crow Gold Mines' employees who have transferred to Batchawana Bay, and are now making a valuable contribution to Tribag's future.

On behalf of the Board,



N. B. KEEVIL

President

March 23, 1967

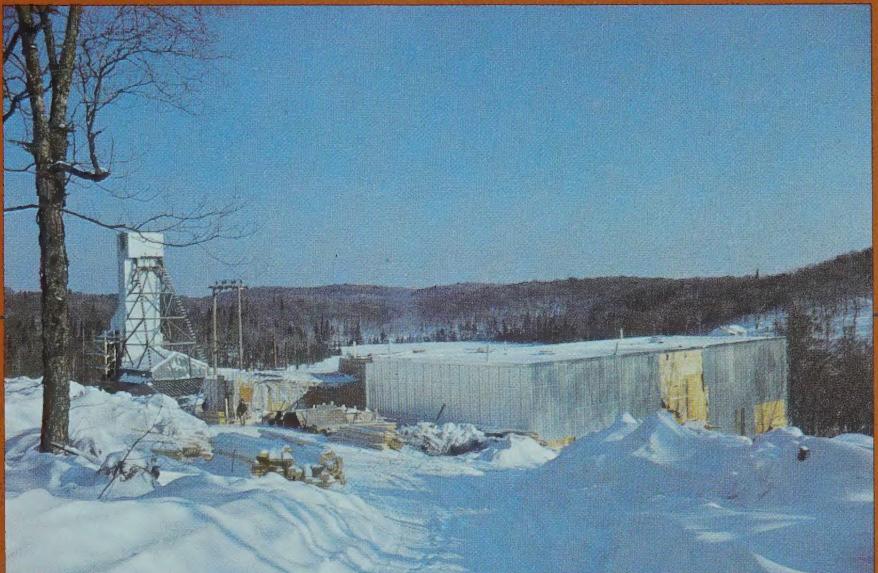
TRIBAG MINING CO. LIMITED



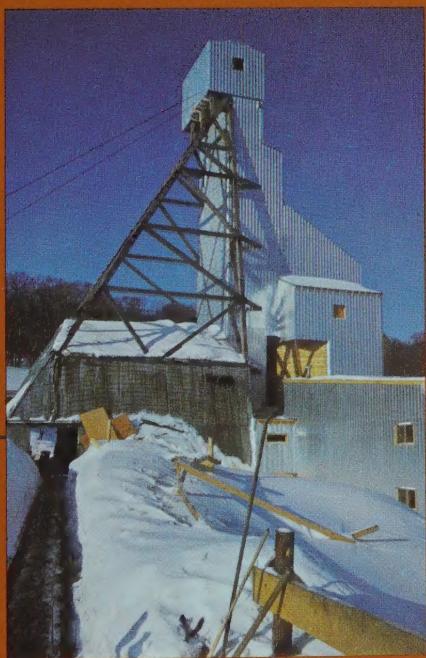
VIEW OF PLANT AREA



TRAILER PARK — BATCHAWANA BAY



MILL BUILDING UNDER CONSTRUCTION



HEADFRAME



ORE BIN AT MILL UNDER CONSTRUCTION

TRIBAG MINING CO., LIMITED

REPORT ON OPERATIONS

GENERAL

Operations under the new management during the last four months of the year consisted principally of plant construction and the installation of equipment.

Production is scheduled for May 1967. Concentrates will be shipped by rail to the smelter at Noranda, Quebec in accordance with the provisions of an agreement dated September 1965.

At year-end, the number on payroll totalled 155. For balanced production, this total is expected to be reduced to about 100.

CONSTRUCTION

The design for a 400 ton per day copper flotation plant and other facilities was started in September, and construction began the same month.

New buildings featuring timber, plywood with steel cladding or concrete block, all on concrete foundations, have been constructed as follows: pump house and water tank, office, mine change house, mine bin and headframe alterations, hoist and compressor, crusher and screen houses. Structures still under construction include the concentrator building, mill bin and No. 4 conveyor gallery.

It is anticipated that all construction will be complete by the middle of April. In addition, a large proportion of the equipment with ancillary wiring and plumbing will have been installed.

The tailings dam, to be constructed initially from waste rock and gravel, will be built in stages as tailings production demands. The access road to the dam and a diversion ditch, which has been excavated for run-off water, are complete.

Previously existing buildings, including warehouse, assay office, shaft house, machine shop, cookery and bunkhouses, are all being utilized. The hoistroom has been replaced and enlarged, and the old change house has been moved and converted into a garage.

ACCESS ROAD

Considerable improvements have been made on the 17-mile access road to the mine including five new bridges and major re-grading of over half a mile of road. Nevertheless, breakup is expected to cause some delays and will require heavy maintenance during the spring. Further construction is scheduled for the summer of 1967, including some rock work, to bring overall road conditions up to acceptable standards.

POWER

A power agreement has been negotiated with the Great Lakes Power Company to supply up to 2,000 KVA electrical energy. As of March 10, 1967 the eight-mile spur line, substation and main distribution lines were complete, and power was being supplied under the agreement.

This facility will enable the company to shut down the existing diesel generators and compressors. Costs are expected to be reduced sharply and an increased underground development programme can be started immediately.

ORE RESERVES

As the major effort during the past six months was directed to preparing the mine for production on surface, and underground work was confined to stope preparation, ore passes, etc., there is no change in the ore reserve estimate.

In the previous annual report, G. W. Walkey, B.A.Sc., consulting engineer, reported on the ore reserves at June 1966 as follows:

"On the basis of work done to date, positive ore reserves are estimated at 600,000 tons grading an average 2.2% Cu, after allowing for dilution. In addition to this there are indicated additional large tonnages of lower grade material based on surface diamond drilling and underground development work carried out over the past year. This has been further substantiated by a bulk sampling plant which operated during the year.

"The property has considerable potential, but, more time and work is required to allow an assess-

ment as to quality and quantity to be made. In this light, the production plant now proposed may be regarded as a self-justified pilot operation, which can generate funds for further exploration and development of ore currently classed as "probable" and "possible."

"The following comments are offered in regard to estimating grade of Tribag's ore reserves. The character and nature of the Tribag zones in regard to distribution of values, makes estimating an average grade of the ore zones extremely difficult. In addition, the use of core drilling to evaluate ore grade is difficult, as, due to the friable nature of the ore and gangue minerals, core recovery in ore sections is very poor and it is difficult to recover sludge and cuttings and relate them to the hole. Bulk sampling of drift muck, actual check core drilling with sludge recovery, sampling by recovery of percussion drilling cuttings all show that core assays should be up-graded by from 20% to 50% or higher. Applying an up-grading factor to a specific zone is difficult unless sufficient check work is done to confirm the factor. In some cases, this has been done, but time and money have not allowed all zones to be thoroughly checked. It is the writer's opinion that, ore grades as mined will prove to be higher than those reported."

UNDERGROUND DEVELOPMENT

Schedules for the mining programme are well advanced with the ore pass nearing completion and development proceeding on the 375, 625 and 750 levels.

Drifting on the 375 zone has opened up high grade ore as expected on the 375-foot and 625-foot levels while the 625-105 raise, in the same zone, has encountered 130 feet of 12.2% copper over 4 feet. Boxhole development and raising on the 750 level has verified diamond drill ore indications, but no mining development has started below this level.

The ore pass system is scheduled to be driven from a loading pocket located on the 1050-foot level station to the 375-foot level. In addition to control chutes at the levels, a grizzly dump is being excavated and built on the 900-foot level. The loading pocket is complete, and the whole pass system will be complete by the end of March.

Skip-cage combination units have been installed in the shaft, and facilities for dumping stockpiled ore into the mine bin have been constructed.

EXPLORATION

In December, a modest programme of surface exploration was started in an area to the east of the plant site. A number of geophysical anomalies had been located in earlier surveys but drilling has shown nothing of economic interest to date. Drilling is continuing.

Underground in the mine, a light drill continues to outline known ore occurrences and guide current development planning.

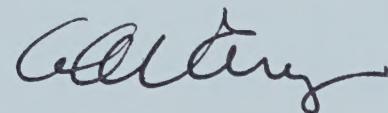
METALLURGY

Test work during the year has confirmed that the ore is readily concentrated at a coarse grind. Final tests have indicated that assays of 31.5% copper and 4.5 ounces per ton silver at recoveries of 98% and 92% may be expected. In addition, grinding tests indicate that the grinding circuit will have a capacity of 400 tons per day.

HOUSING

Thirty new mobile homes and five used units have been purchased for rental or lease-purchase at a cost of nearly \$200,000. An attractive trailer site has been laid out and serviced in the village of Batchawana, which will accommodate 29 of these homes. In addition, a five-apartment block will help to house mine employees in an environment which should be instrumental in assuring a stable work force.

I wish to thank the directors of the company, the staff and all employees for their assistance and loyalty through this construction period.



G. A. VARY,
Mine Manager

Batchawana Bay, Ontario
March 20, 1967

BALANCE SHEET AS

ASSETS	1966	1965
Current Assets		
Cash.....	\$ 27,326	\$ 87,131
Accounts receivable.....	48,447	83,351
Deposits and prepaid expense.....	26,782	1,938
	<u>102,555</u>	<u>172,420</u>
	<u>27,713</u>	<u>4,248</u>
Materials and Supplies—at cost		
	<u>27,713</u>	<u>4,248</u>
Investments—at cost, less amounts written off (market value: 1966—\$128,886; 1965—\$185,905)	<u>138,924</u>	<u>245,095</u>
Fixed Assets—at cost (note 3)		
Buildings.....	593,043	147,610
Machinery and equipment.....	504,623	307,681
Mining claims.....	603,241	603,241
	<u>1,700,907</u>	<u>1,058,532</u>
Other Assets and Deferred Expenditures—(note 3)		
Development, exploration and administrative.....	2,835,576	2,288,181
Hydro line.....	52,914	10,329
Bond discount and financing charges.....	7,880	3,380
	<u>2,896,370</u>	<u>2,301,890</u>
Signed on Behalf of the Board		
N. B. KEEVIL, <i>Director</i>	<u>\$4,866,469</u>	<u>\$3,782,185</u>
J. H. WESTELL, <i>Director</i>		

NOTES TO FINANCIAL STATEMENTS

For the fiscal year ended December 31, 1966

1. Capital stock issued for the year is as follows:

	No. of shares	Par value	(Premium) Discount	Net
Balance—December 31, 1965.....	3,252,000	\$3,252,000	\$185,500	\$3,066,500
Issued for cash.....	200,000	200,000	(50,000)	250,000
Issued with bonds for cash.....	225,000	225,000	220,500	4,500
Balance—December 31, 1966.....	<u>3,677,000</u>	<u>\$3,677,000</u>	<u>\$356,000</u>	<u>\$3,321,000</u>

2. The company has entered into an agreement with Teck Corporation Limited, dated August 17, 1966 to provide financing to the extent of \$1,750,000 to bring the Batchawana copper property into production in consideration for

(a) 200,000 treasury shares at \$1.25 per share.....	\$ 250,000
(b) a total of \$1,500,000 principal amount of 7% convertible income bonds due August 31, 1972 (convertible at \$1.25 per share) and 375,000 treasury shares to be issued in units consisting of one bond of the principal amount of \$1,000 and 250 shares at the price of \$1,000 per unit.....	<u>1,500,000</u>
	<u>\$1,750,000</u>

As at March 23, 1967, the 200,000 treasury shares and 1,500 units of the 7% convertible income bonds and shares had been issued.

3. Amounts shown for fixed assets, other assets and deferred expenditures represent net costs to date and are not intended to reflect present or future values.

AT DECEMBER 31, 1966

LIABILITIES

	1966	1965
Current Liabilities		
Bank loan.....	—	\$ 150,000
Accounts payable and accrued liabilities.....	<u>\$ 273,479</u>	<u>124,304</u>
	<u>273,479</u>	<u>274,304</u>
Long-Term Debt		
7% convertible income bonds due on or before August 31, 1972 (note 2)....	<u>900,000</u>	<u>—</u>
	<u>1,173,479</u>	<u>274,304</u>

SHAREHOLDERS' EQUITY

Capital Stock (notes 1 and 2)

Authorized—

7,500,000 common shares of \$1 par value

Issued and fully paid—

3,677,000 shares.....	3,677,000	3,252,000
Discount thereon (net).....	<u>356,000</u>	<u>185,500</u>
	<u>3,321,000</u>	<u>3,066,500</u>

Contributed Surplus—arising from reduction in capital in 1956.....

583,355	583,355
<u>3,904,355</u>	<u>3,649,855</u>

Deficit.....

211,365	141,974
<u>3,692,990</u>	<u>3,507,881</u>
<u>4,866,469</u>	<u>3,782,185</u>

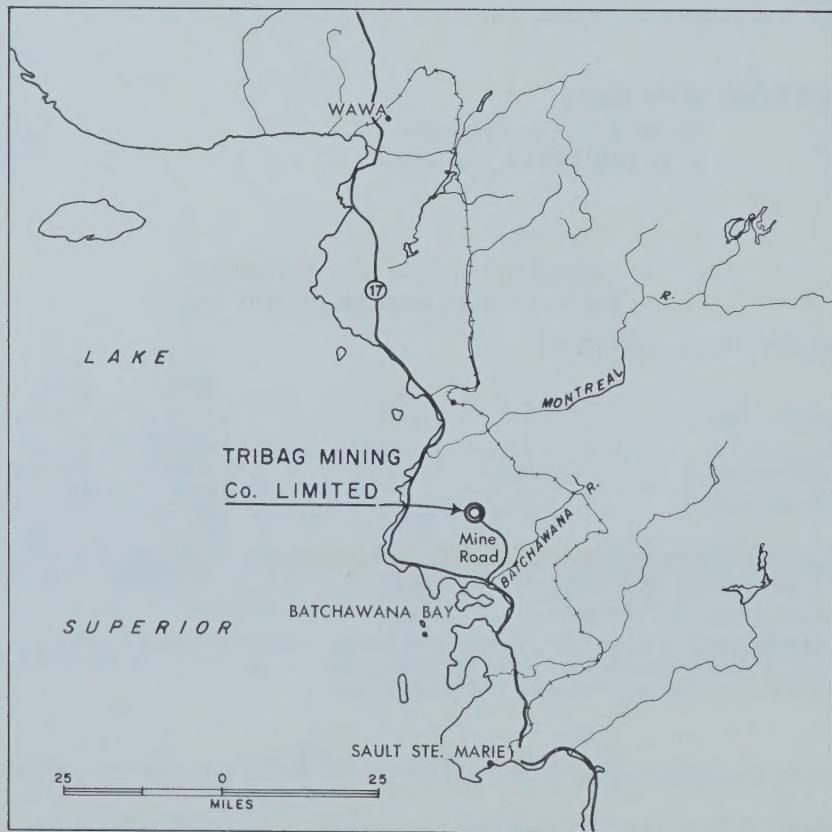
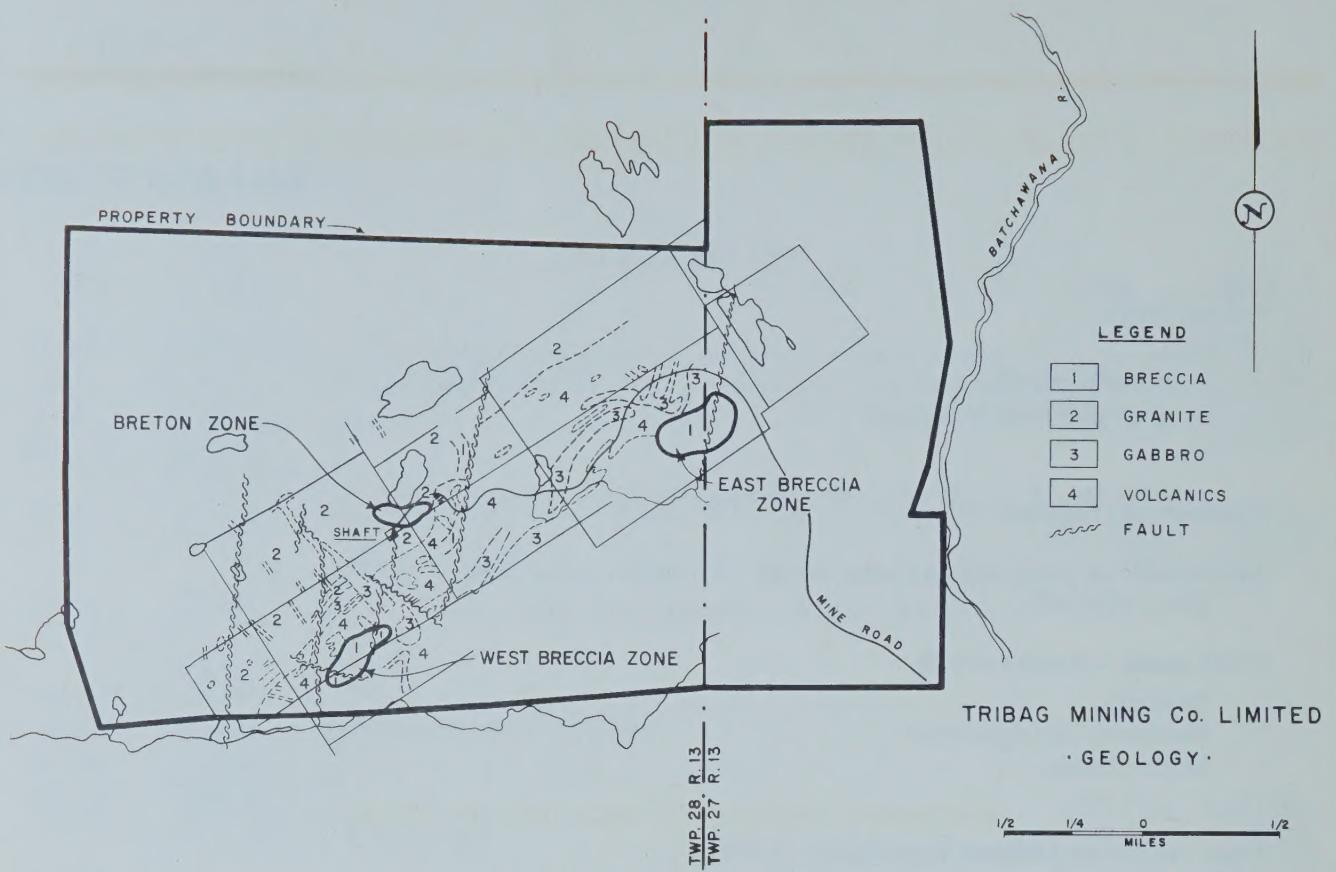
AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Tribag Mining Co., Limited as at December 31, 1966 and the statements of deficit, deferred development, exploration and administrative expenditures and source and use of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of deficit, deferred development, exploration and administrative expenditures and source and use of funds, when read in conjunction with the notes thereto, present fairly the financial position of the company as at December 31, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

March 23, 1967
Toronto, Ontario

McDONALD CURRIE & CO.,
Chartered Accountants



TRIBAG MINING CO., LIMITED

**STATEMENT OF DEFERRED DEVELOPMENT, EXPLORATION AND ADMINISTRATIVE EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1966**

Balance—December 31, 1965.....	\$2,561,725
Less reimbursement under Noranda agreement.....	<u>273,544</u>
	2,288,181
Exploration—	
Mine exploration and development.....	\$353,841
General expenditures on property.....	<u>197,854</u>
	551,695
Less reimbursement under Noranda agreement.....	<u>126,456</u>
	425,239
Administration—	
Mine office.....	\$54,464
Head office.....	<u>67,692</u> <u>122,156</u> <u>547,395</u>
Balance—December 31, 1966.....	<u>\$2,835,576</u>

**STATEMENT OF SOURCE AND USE OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1966**

Source of Funds

Proceeds of issue of 7% convertible income bonds together with shares.....	\$ 900,000
Proceeds of issue of 200,000 shares of capital stock.....	250,000
Sale of investments.....	<u>40,483</u>
	1,190,483

Use of Funds

Additions to fixed assets.....	646,078
Deferred development, exploration and administrative expenditures.....	547,395
Construction of hydro line.....	42,585
Increase in materials and supplies.....	<u>23,465</u>
	1,259,523

Decrease in Working Capital.....	69,040
Working Capital—December 31, 1965.....	<u>(101,884)</u>
Working Capital—December 31, 1966.....	<u>(170,924)</u>

**STATEMENT OF DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1966**

Balance—December 31, 1965.....	\$141,974
Write down of investments.....	65,688
Buildings and equipment written off.....	<u>3,703</u>
Balance—December 31, 1966.....	<u>\$211,365</u>

